

»» Business Review January-September 2023

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Chief Executive Officer

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26 October 2023



Terrafame

» Terrafame's operating profit EUR 23.5. million in the third quarter

Net sales
1–9 2023

EUR 406.1 million

1–9 2022 EUR 398.7 million

Battery chemicals
business operations

EUR 126.3 million

1–9 2022 EUR 136.5 million

31% of net sales

EBITDA
1–9 2023

EUR 63.5 million

1–9 2022 EUR 92.6 million

Operating result
1–9 2023

EUR 18.2 million

1–9 2022 EUR 49.4 million

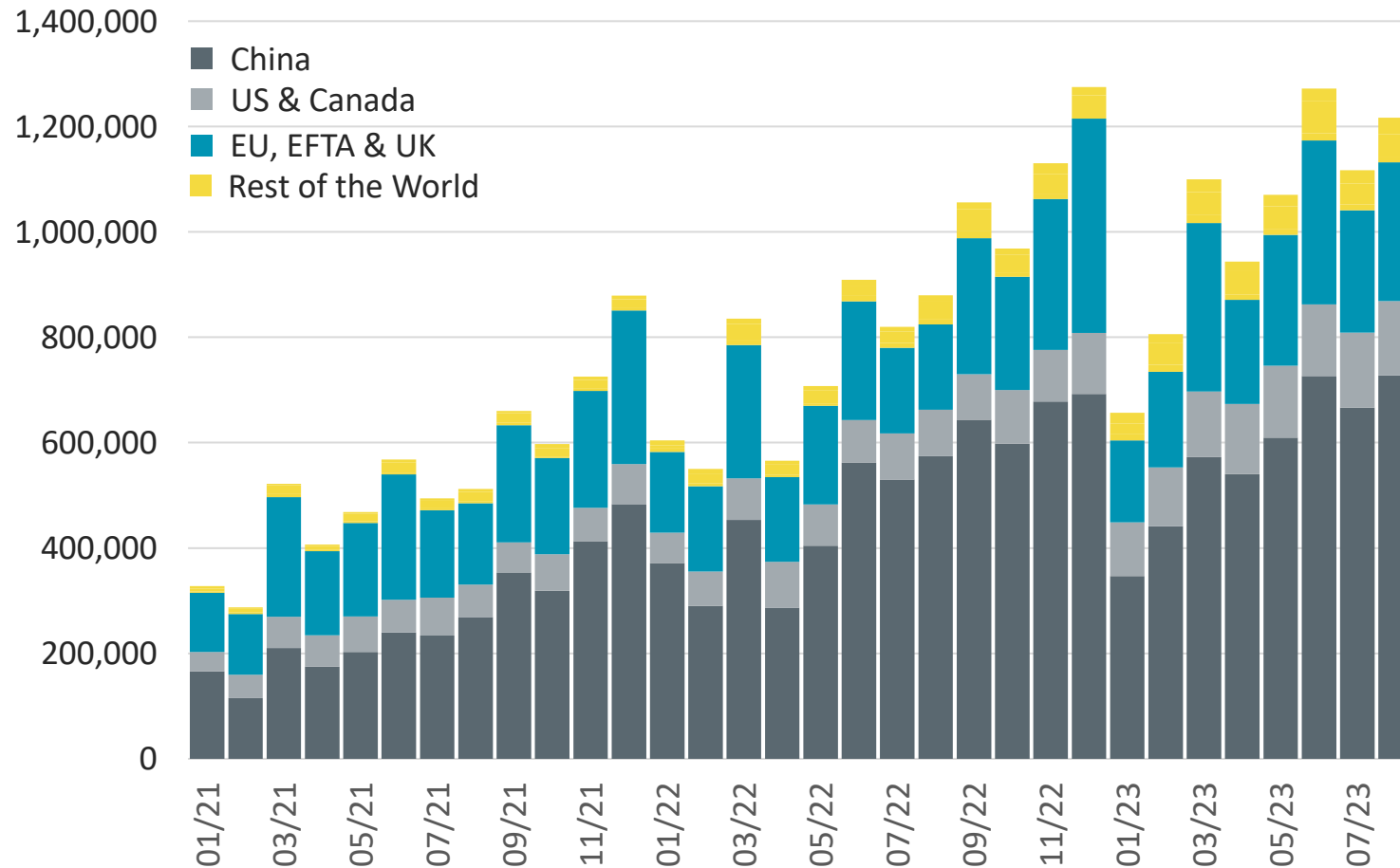


» **Market
review**



>> Chinese EV market returned to the growth track

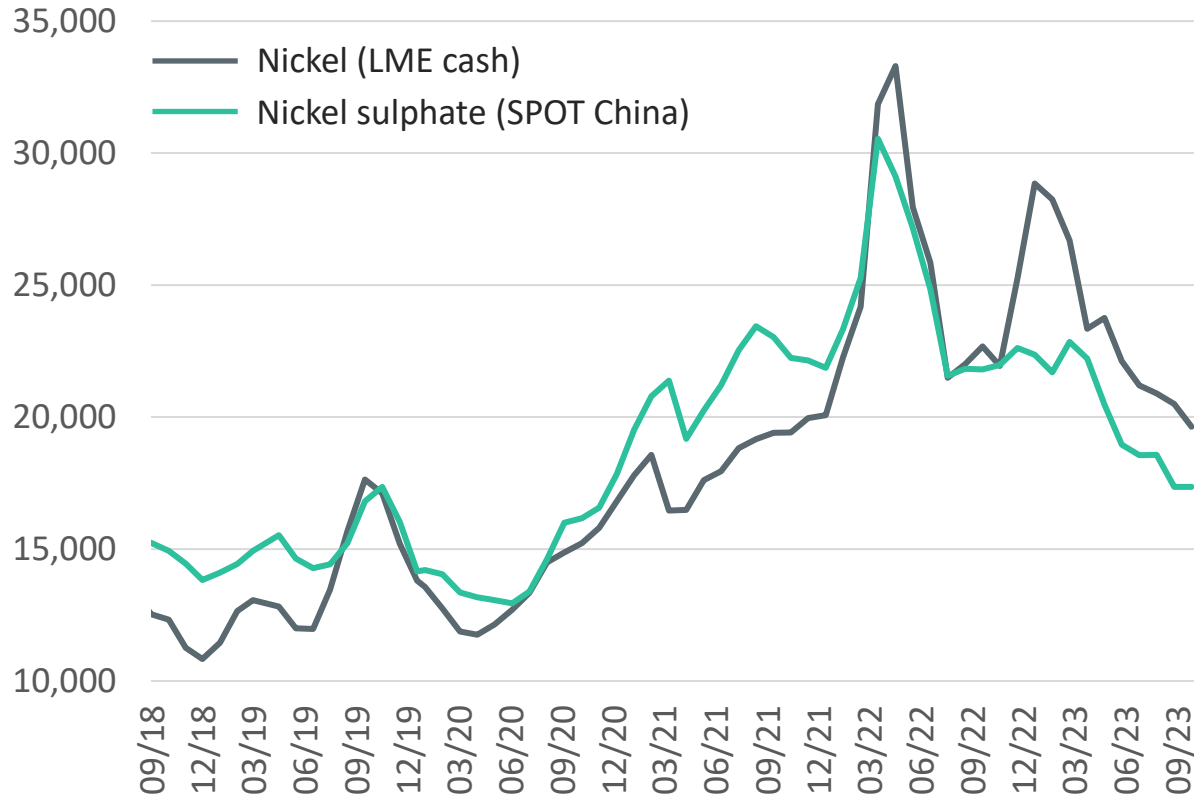
Global EV sales*, million units



- In January–August, a total of around 8.2 (5.9) million EVs were sold globally, which represents an increase of around 39% year-on-year.
- About 4.6 (3.5) million EVs were sold in China, 1.9 (1.5) million in Europe, and a total of 1.0 (0.6) million in the United States and Canada.
- This year, sales of EVs are expected to grow by 33% compared to last year, to about 13.8 (10.5) million cars.

»» Price development of nickel and nickel sulphate

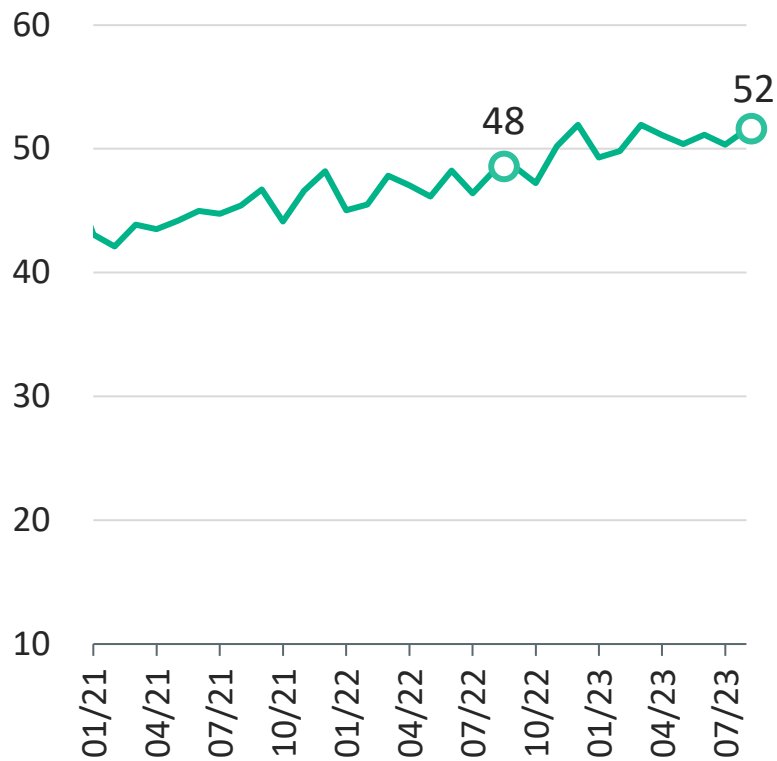
Price development of nickel and nickel sulphate, USD/t



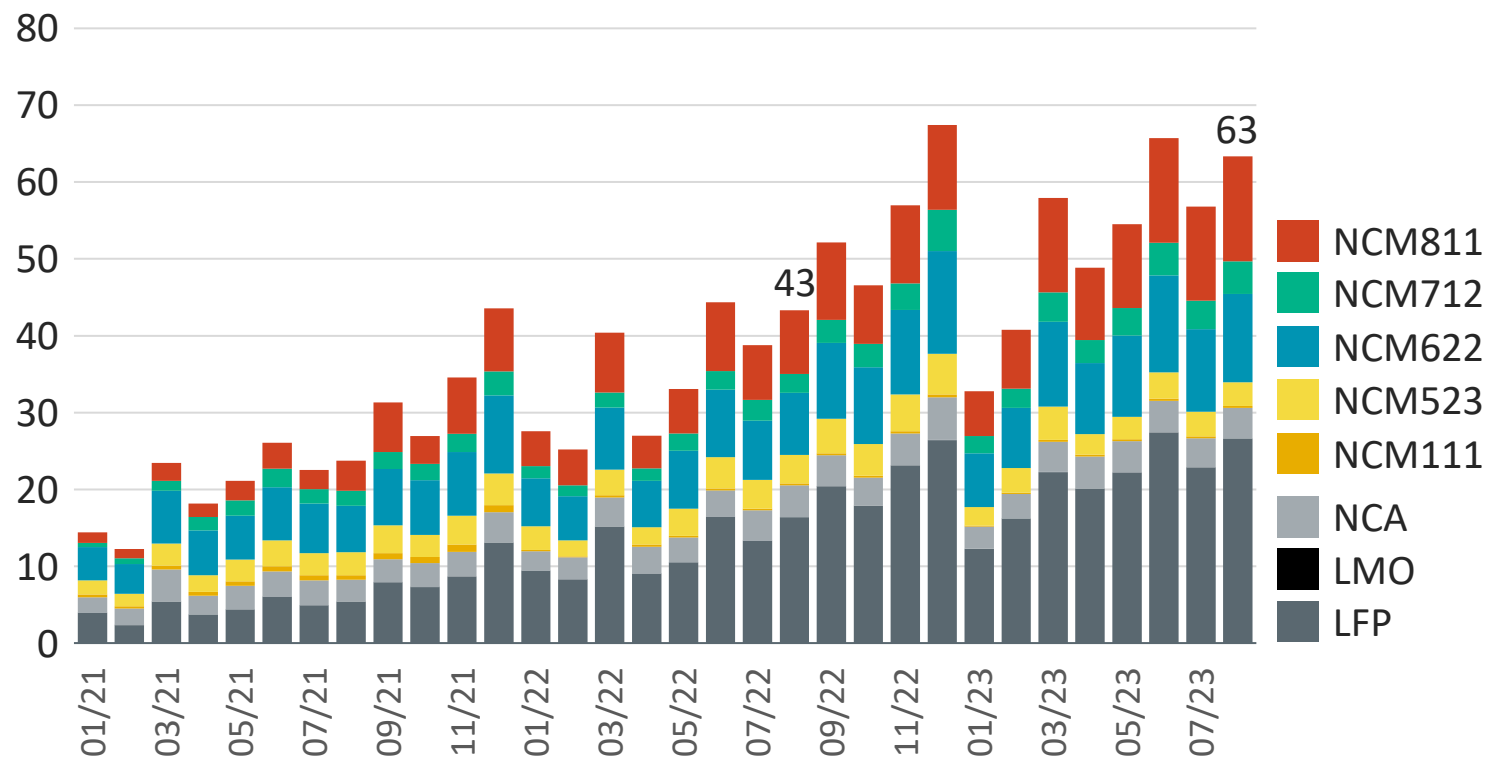
- The average market price of nickel in January–September 2023 was 22,895 USD/t, which was around 12% lower than in the corresponding period in 2022.
- The average market price of nickel in Q3 2023 was 20,344 USD/t, which was around 9% lower than in Q2 2023 and around 8% lower than in Q3 2022.
- The average market price of nickel sulphate in January–September 2023 was 19,780 USD/t, which was around 27% lower than in the corresponding period of 2022.
- The average market price of nickel sulphate in Q3 2023 was 17,794 USD/t, which was 8% lower than in Q2 2023 and around 18% lower than in Q3 2022.

» EV battery market continued to divide into high nickel NCM batteries and LFP batteries

Sales weighted average EV battery pack size, kWh



Monthly weighted average EV battery cathode chemistry, GWh





» Sustainability as a competitive advantage

»» Continuous work for sustainability

- For Terrafame, sustainability and continuous improvement are the starting point for all operations. The company has a sustainability programme, which includes concrete measures to develop sustainability.
- This year, for example:
 - Terrafame's environmental monitoring programme has been updated and more targeted to those areas that are affected by key impacts based on results from previous years.
 - A due diligence process has been initiated in relation to human rights.
 - The development of responsibility reporting has been initiated by a double materiality analysis.

Terrafame's sustainability programme

Environmental responsibility

- We are combatting climate change together with our EV-producing clients.
- Our production will be carbon neutral by 2039.
- We utilize the side streams from production efficiently.
- We minimize our emissions and impacts on waters and lakes.

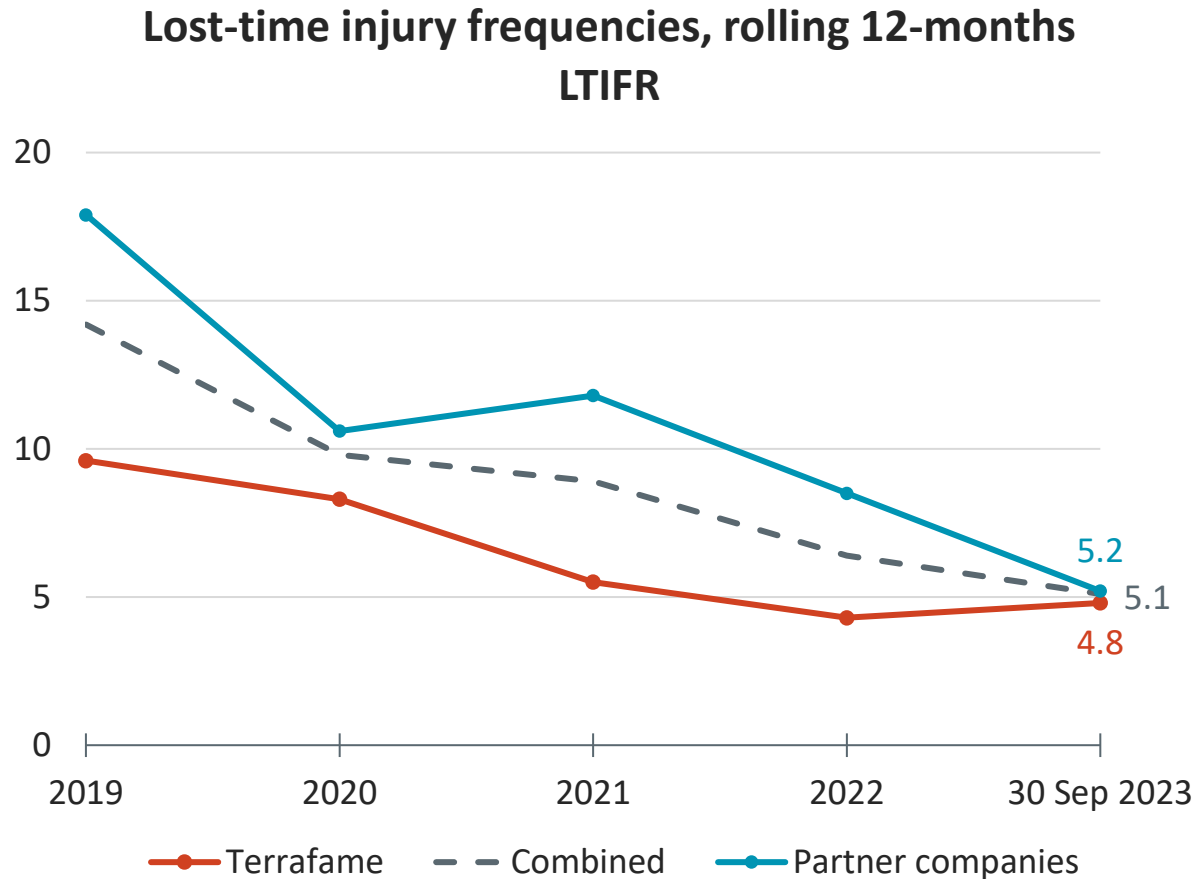
Social responsibility

- Terrafame is a safe place to work for both our own and our partners' personnel.
- We support and respect human rights and labour rights in our own operations. We require the same from our business partners.
- We are continuously developing our personnel's skills and possibilities to succeed.
- We engage in active dialogue with our stakeholders.

Good governance

- Terrafame's operations are transparent.
- We ensure the compliance of our operations.
- Terrafame has a strong culture of doing the right things.
- Operations are based on continuous improvement and decisions are made based on facts.

»» Our goal is zero accidents



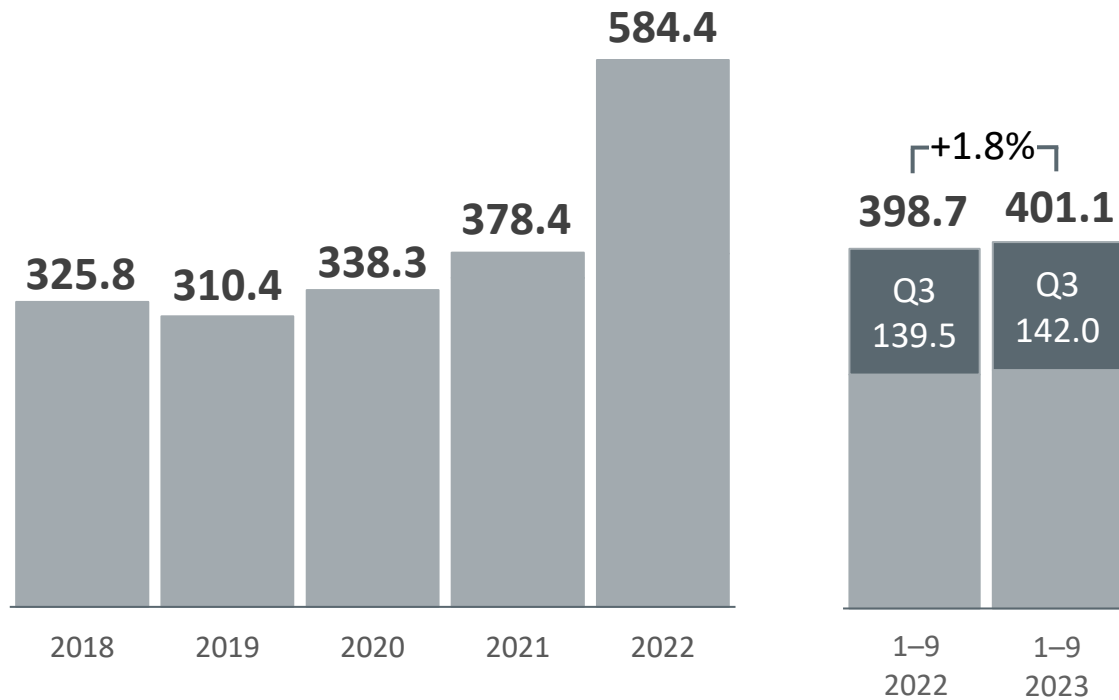
Terrafame employed **806** (786) persons at the end of September 2023 and, moreover, an average of **1,044** (717) partner companies' employees (FTE) worked in the industrial area during the review period.

» Financial review



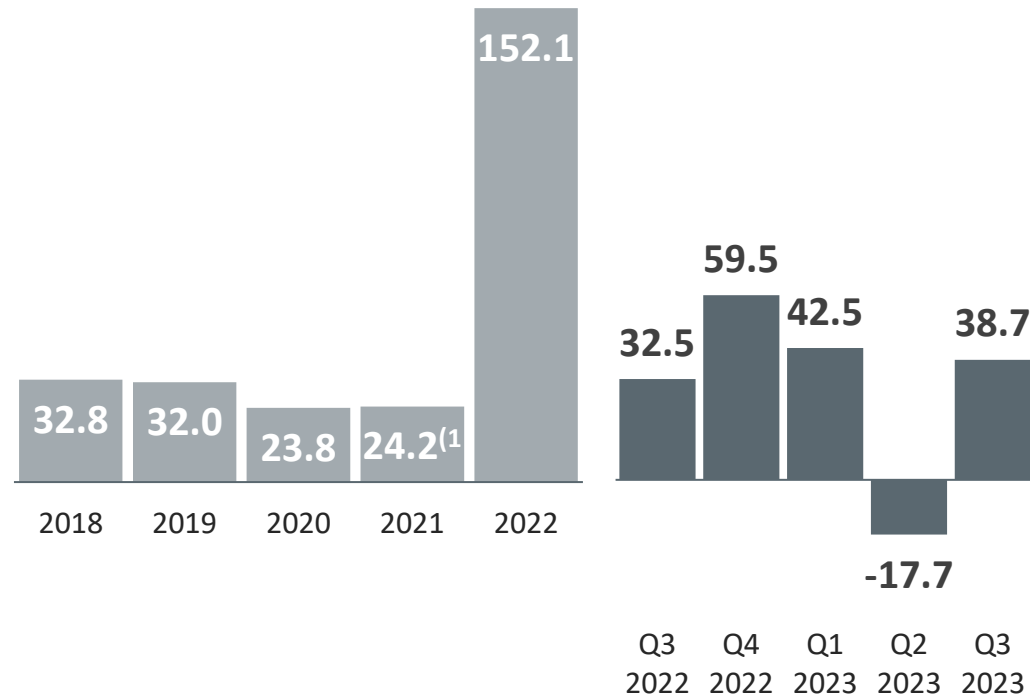
» Net sales in Q3 increased, supported by strong volumes in the metal intermediates business

Net sales, EUR million

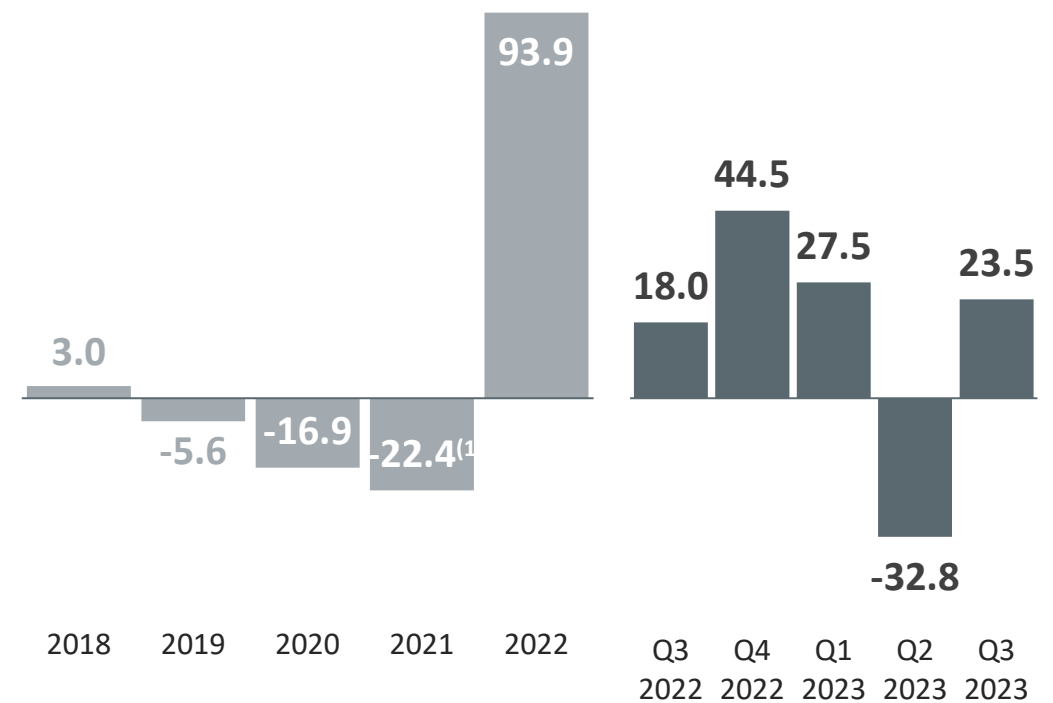


»» Terrafame resumed profitability in the operating result and EBITDA in Q3 2023

EBITDA, EUR million



Operating result, EUR million



1) Excl. non-recurring items. The increase in the environmental reserve in Q4/2021 reduced EBITDA and operating income by EUR 72.9 million. Reported EBITDA for 2021 was EUR -48.8 million and operating income was EUR -95.3 million.

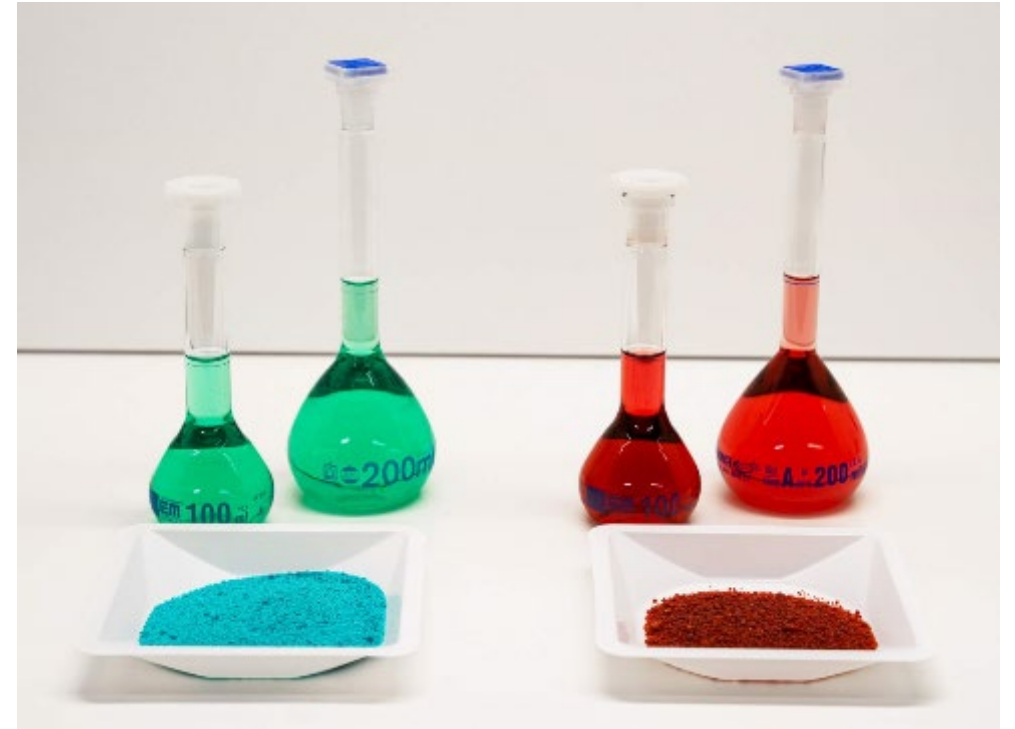
» Key figures in brief

	7–9 2023	7–9 2022	Change	1–9 2023	1–9 2022	Change	2022
Net sales, EUR million	142.0	139.5	1.8%	406.1	398.7	1.9%	584.4
Battery chemicals business	28.0	39.1	-28.4%	126.3	136.5	-7.5%	207.1
Metal intermediates business	114.0	100.4	13.5%	279.8	262.2	6.7%	377.3
EBITDA, EUR million	38.7	32.5	19.1%	63.5	92.6	-31.4%	152.1
Operating result, EUR million	23.5	18.0	30.6	18.2	49.4	-63.2%	93.9
Free cash flow, EUR million⁽¹⁾	-25.5	0.4	n.a.	-47.5	-6.9	n.a.	9.8
Capital expenditure, total, EUR million	37.1	19.2	93.2%	96.3	58.5	64.5%	83.0

1) Free cash flow from operating activities after sustaining capital expenditure = EBITDA – change in net working capital – sustaining capital expenditure

»» Near-term outlook

- The price development of base metals and battery chemicals involves considerable uncertainty.
- Global sales of electric cars are expected to continue to grow.
- The development of operational efficiency and safety at work will continue in line with the principles of continuous improvement (Operational Excellence).
- Terrafame is preparing for the start of uranium recovery in the summer of 2024. The onboarding and training of the personnel has started in October.





Terrafame

Enhancing low-carbon
mobility with responsible
battery chemicals.

www.terrafame.com

